

1975
annual report



AR01

VERSATILE

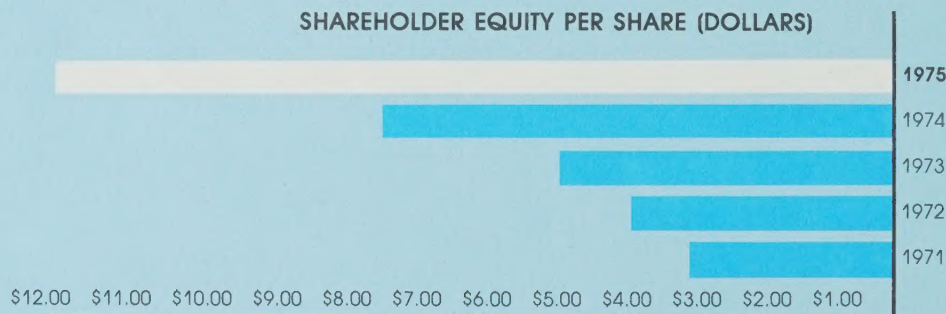
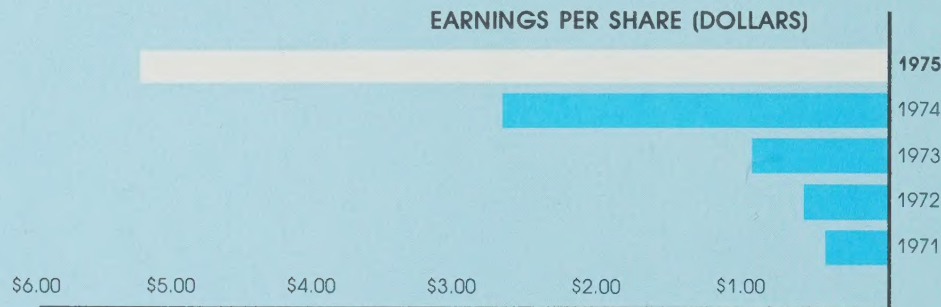
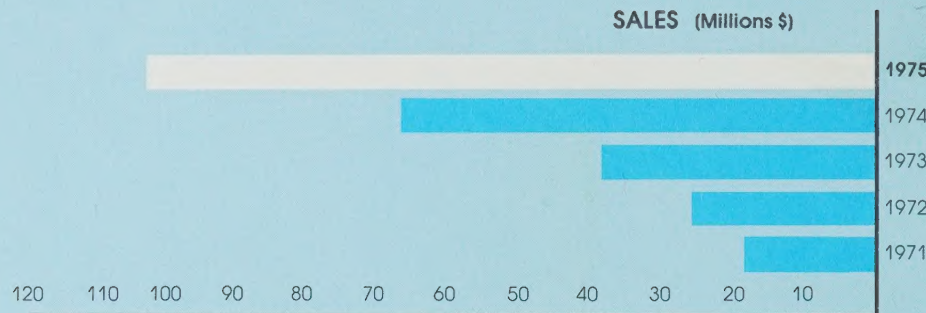






Shown at left is an inside look at the Versatile Series II model 800 Four Wheel Drive Tractor, featuring advanced engineering and technology. Below is the famous model 400 Hydrostatic Drive Swather widely used in hay and grain swathing applications in North America.





SALES - - - - -

Income (Loss) Before Taxes - - - - -

Net Income (Loss) - - - - -

Total Shares Outstanding** - - - - -

Net Income (Loss) per Share - - - - -

Total Dividends - - - - -

Dividends per Share - - - - -

Shareholders' Equity per Share - - - - -

Additional Investment in plant,
property and equipment - - - - -
Income on Shareholders' Equity at
Beginning of Year—% - - - - -

Working Capital - - - - -

Number of Employees - - - - -



TEN YEAR summary of FINANCIAL HIGHLIGHTS

1975	1974	1973	1972	1971	1970	1969*	1968	1967	1966
\$104,204,000	\$67,627,000	\$38,044,000	\$25,513,000	\$19,688,000	\$24,533,000	\$33,787,000	\$22,757,000	\$22,506,000	\$16,816,000
\$ 26,169,000	\$13,287,000	\$ 4,479,000	\$ 2,869,000	\$ 1,810,000	\$ (1,390,000)	\$ 1,138,000	\$ 3,299,000	\$ 5,691,000	\$ 4,621,000
\$ 14,987,000	\$ 7,549,000	\$ 2,506,000	\$ 1,457,000	\$ 885,000	\$ (678,000)	\$ 551,000	\$ 1,600,000	\$ 2,809,000	\$ 2,252,000
2,980,400	2,911,000	2,900,300	2,811,700	2,811,700	2,808,850	2,808,100	2,804,200	2,773,200	2,766,000
\$5.13	\$2.59	87¢	52¢	31¢	(24)	19¢	57¢	\$1.01	81¢
\$ 2,072,060	\$ 582,200	—	—	—	—	\$ 673,116	\$ 671,430	\$ 554,430	\$ 368,760
70¢	20¢	—	—	—	—	24¢	24¢	20¢	13¢
\$11.64	\$7.38	\$4.99	\$4.10	\$3.58	\$3.26	\$3.50	\$3.55	\$3.18	\$2.37
\$ 3,039,400	\$ 2,380,200	\$ 2,526,200	\$ 648,800	\$ 208,100	\$ 482,100	\$ 452,300	\$ 491,000	\$ 623,200	\$ 838,000
69.7	52.1	21.7	14.4	9.7	—	5.5	18.1	42.8	48.4
\$ 30,566,000	\$19,711,000	\$14,888,000	\$13,264,000	\$ 8,787,000	\$ 8,263,000	\$10,833,000	\$12,236,000	\$ 6,542,000	\$ 4,529,000
1,350	1,166	801	631	534	545	582	459	800	675

* 14 Month Period

** Adjusted for 3-for-1 stock split in 1968

Consolidated Statement of INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED OCTOBER 31, 1975
(with 1974 figures for comparison)

	1975	1974
NET SALES - - - - -	<u>\$104,204,074</u>	<u>\$67,627,310</u>
DEDUCT:		
Cost of goods sold - - - - -	74,377,886	51,650,036
Selling and administrative expenses - - - - -	3,946,802	2,898,058
Interest and bank charges (net of interest earned) - - - - -	155,255	(64,408)
	<u>78,479,943</u>	<u>54,483,686</u>
INCOME FROM OPERATIONS - - - - -	25,724,131	13,143,624
ADD: Other income - - - - -	445,279	143,280
INCOME BEFORE INCOME TAXES - - - - -	26,169,410	13,286,904
PROVISION FOR INCOME TAXES - - - - -	11,182,709	5,737,780
NET INCOME FOR THE YEAR - - - - -	14,986,701	7,549,124
RETAINED EARNINGS AT BEGINNING OF THE YEAR - - - - -	20,544,861	13,577,937
	35,531,562	21,127,061
DIVIDENDS PAID (70¢ per share, 1974 20¢ per share) - - - - -	2,072,060	582,200
RETAINED EARNINGS AT END OF THE YEAR - - - - -	<u>\$ 33,459,502</u>	<u>\$20,544,861</u>
NET INCOME PER SHARE (based on weighted average shares outstanding) - - - - -	<u>\$5.13</u>	<u>\$2.59</u>

The accompanying notes are an integral part of these financial statements.

Consolidated statement of CHANGES IN FINANCIAL POSITION

	1975	1974
SOURCES OF FUNDS:		
From operations:		
Net income - - - - -	\$14,986,701	\$ 7,549,124
Items not affecting working capital:		
Depreciation and amortization - - - - -	715,415	638,697
Deferred income taxes - - - - -	227,495	101,981
From operations - - - - -	15,929,611	8,289,802
Reduction of other assets- - - - -	177,435	—
Disposals of equipment - - - - -	270,444	272,068
Issue of capital stock for cash - - - - -	298,828	38,734
Total sources of funds - - - - -	16,676,318	8,600,604
USES OF FUNDS:		
Additions to land - - - - -	217,377	—
Additions to plant and equipment - - - - -	2,822,073	2,380,151
Additions to other assets- - - - -	—	110,195
Reduction of long-term debt—		
Term bank loan - - - - -	650,000	650,000
Capitalized lease obligations - - - - -	59,628	54,659
Dividends paid - - - - -	2,072,060	582,200
Total uses of funds - - - - -	5,821,138	3,777,205
Increase in working capital - - - - -	10,855,180	4,823,399
Working capital at beginning of the year - - - - -	19,710,946	14,887,547
Working capital at end of the year - - - - -	\$30,566,126	\$19,710,946
CHANGES IN ELEMENTS OF WORKING CAPITAL:		
Current assets— increase (decrease):		
Cash - - - - -	\$ 4,038,988	\$ 5,345,424
Accounts receivable - - - - -	(149,899)	2,610,422
Inventories - - - - -	9,658,307	8,733,348
Prepaid expenses - - - - -	243,130	(21,601)
Current liabilities — decrease (increase):		
Accounts payable and accrued charges - - - - -	1,858,301	(4,478,649)
Customer deposits on future sales- - - - -	(3,258,001)	(4,282,264)
Income taxes payable- - - - -	(1,528,918)	(3,078,799)
Current portion of long-term debt- - - - -	(6,728)	(4,482)
Increase in working capital - - - - -	\$10,855,180	\$ 4,823,399

FOR THE YEAR ENDED
OCTOBER 31, 1975
(with 1974 figures for
comparison)



The accompanying notes are
an integral part of these
financial statements.

(with 1974 figures for comparison)

ASSETS

1975

1974

CURRENT ASSETS:

Cash - - - - -	\$25,405,643	\$21,366,655
Accounts receivable - - - - -	5,150,195	5,300,094
Inventories (Note 2) - - - - -	32,177,894	22,519,587
Prepaid expenses - - - - -	405,488	162,358
Total current assets - - - - -	63,139,220	49,348,694

PROPERTY, PLANT AND EQUIPMENT (Note 3) - - - - -	11,731,705	9,019,260
Less accumulated depreciation - - - - -	3,309,227	2,656,666
Net property, plant and equipment - - - - -	8,422,478	6,362,594

OTHER ASSETS - - - - -	93,277	277,005
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TOTAL - - - - -	\$71,654,975	\$55,988,293
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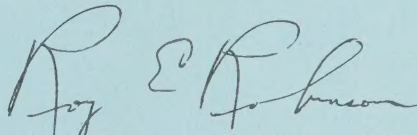


Consolidated BALANCE SHEET as at october 31, 1975

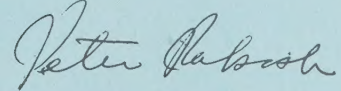
LIABILITIES AND SHAREHOLDERS' EQUITY

	1975	1974
CURRENT LIABILITIES		
Accounts payable and accrued charges - - - - -	\$ 9,534,102	\$11,392,403
Customer deposits on future sales (Note 4) - - - - -	17,027,561	13,769,560
Income taxes - - - - -	5,300,531	3,771,613
Current portion of long-term debt - - - - -	710,900	704,172
Total current liabilities - - - - -	<u>32,573,094</u>	<u>29,637,748</u>
LONG-TERM DEBT (Note 5) - - - - -	<u>3,527,963</u>	<u>4,237,591</u>
DEFERRED INCOME TAXES - - - - -	<u>852,586</u>	<u>625,091</u>
SHAREHOLDERS' EQUITY:		
Capital stock (Note 6):		
Authorized:		
2,000,000 common shares of no par value		
4,000,000 non-voting Class A common shares		
of no par value		
Issued and fully paid:		
933,900 common shares - - - - -	111,462	111,462
2,046,500 (1974-1,977,100) Class A common shares - - - - -	1,130,368	831,540
Retained earnings - - - - -	<u>33,459,502</u>	<u>20,544,861</u>
Total shareholders' equity - - - - -	<u>34,701,332</u>	<u>21,487,863</u>
TOTAL - - - - -	<u>\$71,654,975</u>	<u>\$55,988,293</u>

Approved by the Board:


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Director


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Director

The accompanying notes are an integral part of these financial statements.

OCTOBER 31, 1975**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Principles of Consolidation**

The consolidated financial statements include the accounts of both subsidiaries, Versatile Parts Inc. and Versatile Gear and Axle, Inc., which are wholly-owned United States corporations.

(b) Translation of Foreign Currencies

The accounts of the company and its subsidiaries recorded in other than Canadian currency, have been converted to Canadian currency at the rate of exchange which prevailed at October 31, 1975, except for certain non-current items which are converted at historical exchange rates.

(c) Inventories

Inventories are valued at the lower of cost (first-in, first-out basis) or market. Market represents replacement cost for raw materials and work in process and net realizable value for finished goods.

(d) Depreciation

Depreciation is provided under the straight-line method. The principal rates used are 2½% to 5% for buildings and 10% for machinery and equipment.

(e) Engineering, Research and Development

Engineering, research and product development costs are charged to operations as incurred.

(f) Income Taxes

Income taxes are computed on the tax allocation basis. Accordingly, the annual tax provision relates to the accounting income and comprises both taxes currently payable and taxes deferred due to timing differences between accounting and taxable income.

2. INVENTORIES

Inventories by major classification are:

	1975	1974
Finished goods - - -	\$ 7,609,810	\$ 4,918,671
Work-in-process - - -	9,430,643	6,069,573
Raw materials and supplies - - -	15,137,441	11,531,343
	<u>\$32,177,894</u>	<u>\$22,519,587</u>

Inventories are valued at the lower of cost or market as explained in Note 1.

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment by major classification is:

	1975	1974
Land - - - - -	\$ 337,344	\$ 120,172
Buildings - - - - -	6,215,896	4,898,530
Machinery and equipment - - - -	4,609,759	3,250,306
Automobiles - - - -	425,931	673,376
Leasehold improvements - - -	142,775	76,876
	<u>\$11,731,705</u>	<u>\$9,019,260</u>

Depreciation is provided at the rates described in Note 1.

A subsidiary is leasing a manufacturing plant financed by the issue of City of Fargo Industrial Development Revenue bonds. The City holds title to the property and is leasing it to the subsidiary for fifteen years, with annual rental payments as set forth in Note 5. At the end of the lease period the subsidiary has the option to acquire the plant for \$1 plus \$133,080 payment in lieu of taxes. The lease has been capitalized and the related buildings and equipment are being depreciated under the company's normal depreciation policy.



to the CONSOLIDATED FINANCIAL STATEMENTS

4. CUSTOMER DEPOSITS ON FUTURE SALES

The deposits represent prepayments under the company's "Early Buyer's" program on tractors to be delivered after October 31, 1975.

5. LONG-TERM DEBT

Debt consists of:

	1975	1974
Term bank loan - - -	\$2,400,000	\$3,050,000
Capitalized lease obligation - - -	<u>1,127,963</u>	<u>1,187,591</u>
	<u>\$3,527,963</u>	<u>\$4,237,591</u>

The term bank loan is repayable in annual instalments of \$650,000 through October 1978 with a final payment of \$1,100,000 in October 1979. The loan is secured by a debenture and bears interest at prime bank rate plus 2% but not in excess of 10½% which was the effective rate at October 31, 1975. Conditions to the loan include an undertaking to maintain working capital of \$10,000,000 and permit the payment of dividends in any year of (a) up to 50% of the preceding year's net income after deducting \$650,000 or (b) alternatively, at the company's option, up to 50% of the aggregate of the two preceding year's net income after deducting \$1,300,000.

The City of Fargo Industrial Development Revenue Bonds, referred to in Note 3, bear interest of 5.75% to 6.30% and mature serially in progressive annual amounts ranging from \$60,000 U.S. in 1976 to \$135,000 U.S. in 1988. The payments to be made by the subsidiary are guaranteed by the company and are in an amount equal to principal and interest payments due on the bonds through 1988.

Long-term debt, including the principal portion of the lease obligation, due in the next five years is \$710,000 in 1976 and 1977, \$720,000 in 1978, \$1,175,000 in 1979 and \$80,000 in 1980.

6. CAPITAL STOCK

The company has an option to purchase certain leased land and buildings for \$415,000 at the expiration of a lease on November 1, 1977, the purchase price to be paid through the issue of Class A shares at their then market price. If the option is not exercised, the vendor will have an option to purchase 77,210 Class A shares for \$415,000 and the company will have a further option to lease the facilities for an additional five years, with an option to purchase for \$330,200 at the expiration of the second five-year lease, the purchase price again to be paid through the issue of Class A shares, at their then market price.

No share options were outstanding to officers of the company at fiscal year end. Options on 69,400 Class A company shares were exercised during the year by officers for \$298,828 cash.

7. COMMITMENTS AND CONTINGENCIES

Construction of expanded facilities at Winnipeg and Red Deer is in process at an estimated cost to complete of \$300,000.

The lease obligation described in Note 6 is prepaid.

8. SUPPLEMENTARY INFORMATION

Expenses include remuneration of directors and senior officers of \$389,215 (1974—\$327,165) of which \$260,654 (1974—\$205,941) was received by directors. Expenses also include interest on long-term debt of \$451,503 (1974—\$533,292).

DIRECTORS

E. F. BELL
A. R. MICAY
P. PAKOSH
A. CHAM
R. E. ROBINSON
W. V. SOPIWNYK

OFFICERS

P. PAKOSH, Chairman of the Board
R. E. ROBINSON, President
E. F. BELL, P.Eng.,
Vice-President (Manufacturing)
and General Manager
J. L. ECKMIRE, Vice-President
(Finance) and Secretary-Treasurer
W. V. SOPIWNYK, Vice-President
(Customer Relations)
J. KULIK, Vice-President
(Material Management)

HEAD OFFICE AND PLANT:
1260 Clarence Avenue,
WINNIPEG, MANITOBA

TRANSFER AGENT:
MONTREAL TRUST COMPANY —
MONTREAL, TORONTO, WINNIPEG,
CALGARY, VANCOUVER

BANKERS:
BANK OF MONTREAL — Portage
and Main St., WINNIPEG, MAN.

AUDITORS:
DELOITTE, HASKINS & SELLS,
Chartered Accountants,
WINNIPEG, MANITOBA

The 1975 fiscal year continued the strong upward trend in your Company's progress. This is seen by your Company attaining another new high in net sales and income. Consolidated net sales for the year ended October 31, 1975 were \$104,204,074 compared to \$67,627,310 last year, an increase of 54%. Consolidated net income was \$14,986,701 or \$5.13 a share based on weighted average shares outstanding compared to \$7,549,124 or \$2.59 a share last year, an increase of 98%.

Your Company's development was aided by the opening of parts distribution centers in Saskatoon, Saskatchewan and Kansas City, Missouri, in addition to the other locations already in operation in order to supply our customers with fast reliable parts service.

In addition, your Company has introduced new models of our large four wheel drive tractors, the Series II. Illustrations of these tractors can be seen in the accompanying report. Initial customer reaction to these new models has been gratifying and we expect continued demand for this product to sustain our sales at or above current levels. An indication of this can be seen by the fact that our "Early Buyers Program" resulted in more deposits being received on these new model tractors at our year end, than we had received the previous year. The deposit comparison was \$17,027,561 this year compared to \$13,769,560 last year, an increase of 24%.



TO SHAREHOLDERS

Your Directors are happy to have been able to increase dividends from 20¢ a share in 1974 to 70¢ a share in 1975. We sincerely hope that this increase has done much towards meeting the needs of our shareholders as to dividend income. Be assured that your Directors will continue to keep the matter of dividends before them in the future, as they have done in the past, planning for your Company's future.

Management changes during the year included the appointment of Mr. E. F. Bell as General Manager. We regretfully received the resignations of Steven Hrab and Michael Stasiuk, formerly Vice-Presidents of the Company. Mr. Hrab left to go into business while Mr. Stasiuk continues to serve Versatile in design matters, on a part time basis. We wish to acknowledge the fine contribution both these men made to the growth of this Company and to wish them continued success in the future.

We are pleased to note that a new labor agreement has been concluded on October 1st for a one year term and we would like to acknowledge the exceptional support of all our employees who have contributed so greatly to the success achieved in 1975.

Peter Pakosh (Chairman)

Roy Robinson (President)

DELOITTE, HASKINS & SELLS

Offices across Canada and associated firms throughout the world Chartered Accountants

1600 RICHARDSON BUILDING, ONE LOMBARD PLACE, WINNIPEG, MANITOBA R3B 0X3 204-943-0331

To the Shareholders of
Versatile Manufacturing Ltd.:

We have examined the consolidated balance sheet of Versatile Manufacturing Ltd. and its subsidiaries as at October 31, 1975 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1975 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

December 29, 1975

Auditors

		1975	1974	1973
ASSETS:				
Cash	- - - - -	\$25,405,643	\$21,366,655	\$16,021,231
Trade receivables—net	- - - - -	5,150,195	5,300,094	2,689,672
Inventory	- - - - -	32,177,894	22,519,587	13,786,239
Income tax refundable	- - - - -	—	—	—
Prepaid expense	- - - - -	405,488	162,358	183,959
Total current assets-	- - - - -	63,139,220	49,348,694	32,681,101
Property, plant, and equipment—at cost	- - - - -	11,731,705	9,019,260	7,001,974
Less accumulated deprec.	- - - - -	3,309,227	2,656,666	2,115,059
Net property, plant & equip.	- - - - -	8,422,478	6,362,594	4,886,915
Other assets	- - - - -	93,277	277,005	173,103
Deferred income taxes	- - - - -	—	—	—
TOTAL	- - - - -	\$71,654,975	\$55,988,293	\$37,741,119
LIABILITIES:				
Bank advances	- - - - -	\$ —	\$ —	\$ —
Accounts payable	- - - - -	9,534,102	11,392,403	6,913,754
Customer deposits on future sales	- - - - -	17,027,561	13,769,560	9,487,296
Income taxes-	- - - - -	5,300,531	3,771,613	692,814
Current portion of long-term debt	- - - - -	710,900	704,172	699,690
Total current liabilities-	- - - - -	32,573,094	29,637,748	17,793,554
Long-term debt	- - - - -	3,527,963	4,237,591	4,942,250
Deferred income taxes	- - - - -	852,586	625,091	523,110
SHAREHOLDERS' EQUITY:				
Capital stock-	- - - - -	1,241,830	943,002	904,268
Retained earnings	- - - - -	33,459,502	20,544,861	13,577,937
Total shareholders' equity	- - - - -	34,701,332	21,487,863	14,482,205
TOTAL	- - - - -	\$71,654,975	\$55,988,293	\$37,741,119



TEN YEAR financial summary / BALANCE SHEET

1972	1971	1970	1969	1968	1967	1966
\$ 3,898,302	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
5,741,310	7,029,622	9,943,483	12,894,817	15,683,199	12,987,933	7,980,308
9,169,398	6,543,727	7,779,927	6,943,396	8,212,067	6,054,290	2,224,260
—	—	9,005	904,477	206,924	—	—
346,028	177,564	127,501	108,995	51,769	70,396	27,783
<u>19,155,038</u>	<u>13,690,913</u>	<u>17,859,916</u>	<u>20,851,685</u>	<u>24,153,959</u>	<u>19,112,619</u>	<u>10,232,351</u>
4,710,642	4,225,869	4,114,881	3,805,688	3,537,478	3,118,553	2,578,377
1,791,127	1,509,066	1,269,993	1,015,756	786,189	570,931	388,443
2,919,515	2,716,803	2,844,888	2,789,932	2,751,289	2,547,622	2,189,934
79,316	99,991	124,702	159,036	208,677	135,224	146,053
—	—	330,640	—	—	—	—
<u>\$22,153,869</u>	<u>\$16,507,707</u>	<u>\$21,160,146</u>	<u>\$23,800,653</u>	<u>\$27,113,925</u>	<u>\$21,795,465</u>	<u>\$12,568,338</u>
\$ —	\$ 1,716,964	\$ 7,173,439	\$ 6,378,994	\$ 7,810,805	\$ 9,898,457	\$ 3,150,155
3,265,760	1,757,260	1,222,985	2,439,577	2,907,188	1,185,899	996,778
817,713	—	—	—	—	—	—
1,157,609	229,738	—	—	—	1,486,739	1,556,176
650,000	1,200,000	1,200,000	1,200,000	1,200,000	—	—
5,891,082	4,903,962	9,596,424	10,018,571	11,917,993	12,571,095	5,703,109
4,350,000	1,200,000	2,400,000	3,600,000	4,800,000	—	—
398,168	346,313	—	342,371	448,000	390,000	308,000
443,136	443,136	434,586	432,336	418,236	232,886	210,486
11,071,483	9,614,296	8,729,136	9,407,375	9,529,696	8,601,484	6,346,743
11,514,619	10,057,432	9,163,722	9,839,711	9,947,932	8,834,370	6,557,229
<u>\$22,153,869</u>	<u>\$16,507,707</u>	<u>\$21,160,146</u>	<u>\$23,800,653</u>	<u>\$27,113,925</u>	<u>\$21,795,465</u>	<u>\$12,568,338</u>

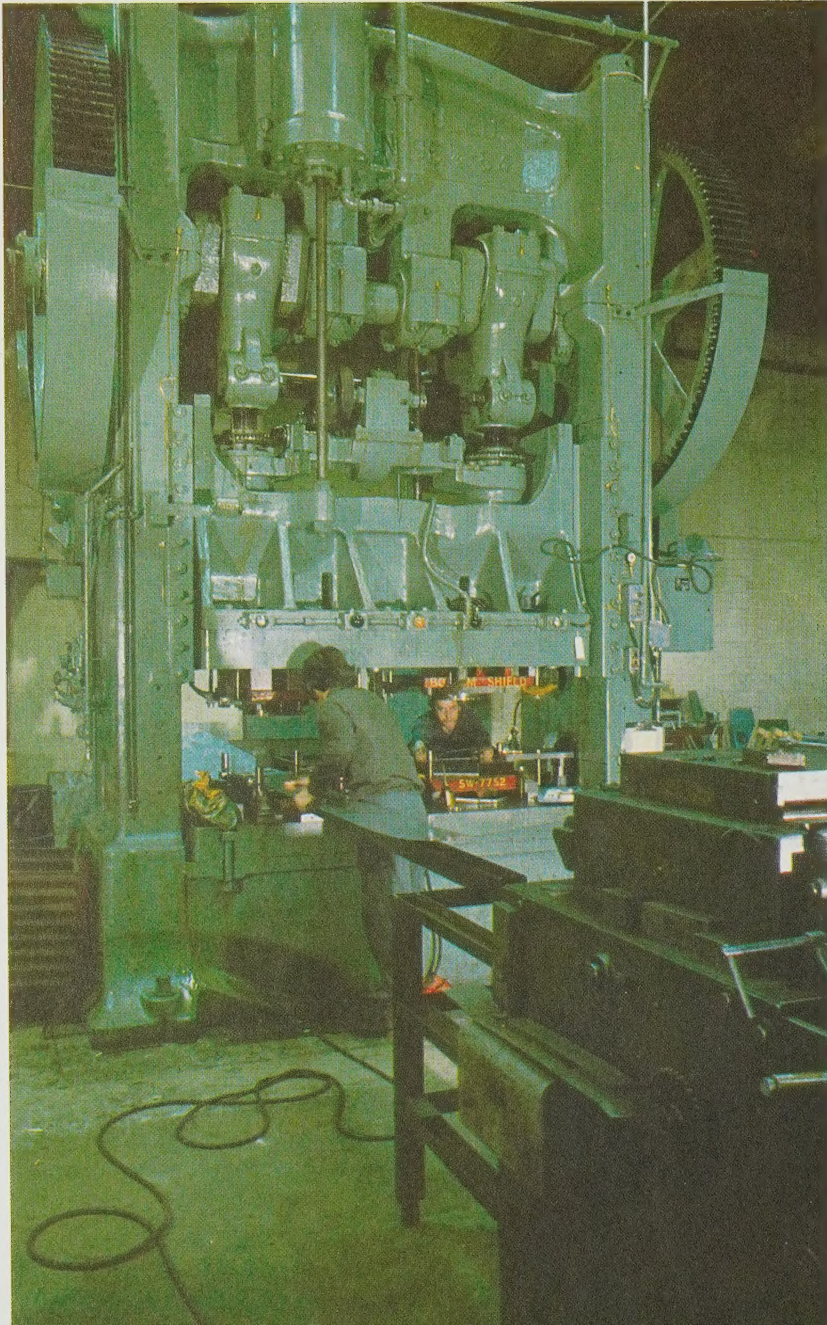
		1975	1974
INCOME AND RETAINED EARNINGS:	Net Sales - - - - -	\$104,204,074	\$67,627,310
	Cost of goods sold - - - - -	74,377,886	51,650,036
	Selling and administrative expenses - - - - -	3,946,802	2,898,058
	Interest - - - - -	155,255	(64,408)
		<u>78,479,943</u>	<u>54,483,686</u>
	Income (loss) from operations - - - - -	25,724,131	13,143,624
	Other income - - - - -	445,279	143,280
	Income (loss) before taxes - - - - -	26,169,410	13,286,904
	Provision for (recovery of) taxes - - - - -	11,182,709	5,737,780
	Net income (loss) - - - - -	14,986,701	7,549,124
	Retained earnings at beginning of the year - - -	20,544,861	13,577,937
		<u>35,531,562</u>	<u>21,127,061</u>
	Dividends - - - - -	2,072,060	582,200
	Retained earnings at end of the year - - - - -	<u>\$ 33,459,502</u>	<u>\$20,544,861</u>
CHANGES IN FINANCIAL POSITION:	Funds provided from operations - - - - -	\$ 15,929,611	\$ 8,289,802
	Reduction of mortgage receivable - - - - -	—	—
	Proceeds from long-term debt and capital stock -	298,828	38,734
		<u>16,228,439</u>	<u>8,328,536</u>
	Funds applied to operations - - - - -	—	—
	Dividends declared to shareholders - - - - -	2,072,060	582,200
	Additions to properties, net of disposals - - -	2,769,006	2,108,083
	Additions to other assets (decrease) - - - - -	(177,435)	110,195
	Retirement of long-term debt - - - - -	709,628	704,659
	Increase (decrease) in working capital - - - - -	10,855,180	4,823,399
	Working capital at beginning of the year - - - -	19,710,946	14,887,547
	Working capital at end of the year - - - - -	<u>\$30,566,126</u>	<u>\$19,710,946</u>
CHANGES IN ELEMENT OF WORKING CAPITAL:	Current assets-increase (decrease):	\$ 4,038,988	\$ 5,345,424
	Cash - - - - -	(149,899)	2,610,422
	Accounts receivable - - - - -	9,658,307	8,733,348
	Inventories - - - - -	—	—
	Income tax refundable - - - - -	243,130	(21,601)
	Prepaid expenses - - - - -	—	—
	Current liabilities-decrease (increase):	—	—
	Bank advances - - - - -	—	—
	Accounts payable and accrued charges - - -	1,858,301	(4,478,649)
	Customer deposits on future sales - - - - -	(3,258,001)	(4,282,264)
	Income taxes payable - - - - -	(1,528,918)	(3,078,799)
	Current portion long-term debt - - - - -	(6,728)	(4,482)
Increase (decrease) in working capital - - - -		<u>\$10,855,180</u>	<u>\$ 4,823,399</u>



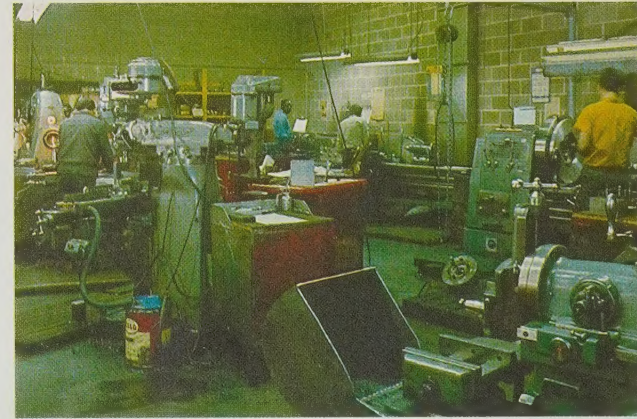
TEN YEAR FINANCIAL SUMMARY

1973	1972	1971	1970	1969*	1968	1967	1966
8,043,677	\$25,513,479	\$19,687,925	\$24,532,921	\$33,786,627	\$22,756,828	\$22,505,979	\$16,816,023
30,691,883	20,829,597	16,097,502	23,139,866	29,982,231	17,585,991	15,638,167	11,443,525
2,523,179	1,736,479	1,533,310	1,615,153	1,438,806	1,005,659	872,124	631,757
660,152	441,876	681,471	1,355,175	1,338,736	959,478	378,697	178,080
33,875,214	23,007,952	18,312,283	26,110,194	32,759,773	19,551,128	16,888,988	12,253,362
4,168,463	2,505,527	1,375,642	(1,577,273)	1,026,854	3,205,700	5,616,991	4,562,661
310,645	363,029	434,438	187,770	111,185	93,191	73,936	57,902
4,479,108	2,868,556	1,810,080	(1,389,503)	1,138,039	3,298,891	5,690,927	4,620,563
1,972,654	1,411,369	924,920	(711,264)	587,244	1,699,249	2,881,756	2,368,560
2,506,454	1,457,187	885,160	(678,239)	550,795	1,599,642	2,809,171	2,252,003
11,071,483	9,614,296	8,729,136	9,407,375	9,529,696	8,601,484	6,346,743	4,463,440
13,577,937	11,071,483	9,614,296	8,729,136	10,080,491	10,201,126	9,155,914	6,715,443
—	—	—	—	673,116	671,430	554,430	368,700
13,577,937	\$11,071,483	\$ 9,614,296	\$ 8,729,136	\$ 9,407,375	\$ 9,529,696	\$ 8,601,484	\$ 6,346,743
3,017,889	\$ 1,848,238	\$ 1,861,728	\$ —	\$ 772,645	\$ 1,920,374	\$ 3,096,254	\$ 2,515,359
7,123	6,713	6,329	5,965	6,528	5,248	4,947	4,663
1,053,382	3,150,000	8,550	2,250	14,100	4,876,600	22,400	18,000
4,078,394	5,004,951	1,876,607	8,215	793,273	6,802,222	3,123,601	2,538,022
—	—	—	1,029,543	—	—	—	—
—	—	—	—	673,116	671,430	554,430	368,700
2,347,642	527,946	153,148	348,294	323,009	436,350	556,889	769,129
107,161	—	—	—	—	—	—	—
—	—	1,200,000	1,200,000	1,200,000	—	—	—
1,623,591	4,477,005	523,459	(2,569,622)	(1,402,852)	5,694,442	2,012,282	1,400,193
13,263,956	8,786,951	8,263,492	10,833,114	12,235,966	6,541,524	4,529,242	3,129,049
14,887,547	\$13,263,956	\$ 8,786,951	\$ 8,263,492	\$10,833,114	\$12,235,966	\$ 6,541,524	\$ 4,529,242
12,122,929	\$ 3,898,302	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
(3,051,638)	(1,288,312)	(2,913,861)	(2,951,334)	(2,788,382)	2,695,266	5,007,625	3,481,452
4,616,841	2,625,671	(1,236,200)	836,531	(1,268,671)	2,157,177	3,830,030	782,768
—	—	(9,005)	(895,472)	697,553	206,924	—	—
(162,069)	228,464	(9,937)	18,506	57,226	(18,627)	42,613	26,323
—	1,716,964	5,456,475	(794,445)	1,431,811	2,087,652	(6,748,302)	(1,828,613)
(3,647,994)	(1,508,500)	(534,275)	1,216,592	467,611	(1,721,289)	(189,121)	(240,308)
(8,669,583)	(817,713)	—	—	—	—	—	—
464,795	(927,871)	(229,738)	—	—	1,486,739	69,437	(821,429)
(49,690)	550,000	—	—	—	(1,200,000)	—	—
1,623,591	\$ 4,477,005	\$ 523,459	\$ (2,569,622)	\$ (1,402,852)	\$ 5,694,442	\$ 2,012,282	\$ 1,400,193

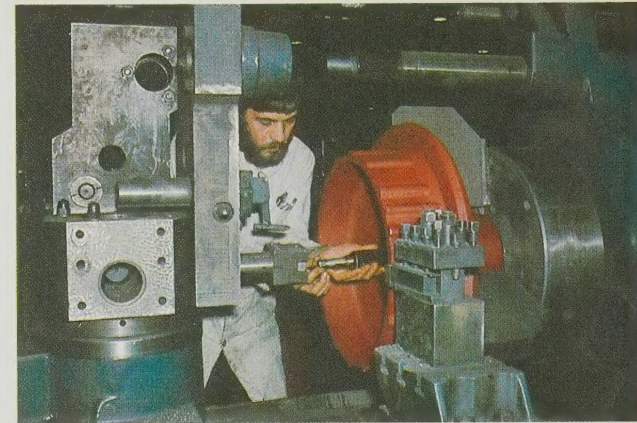
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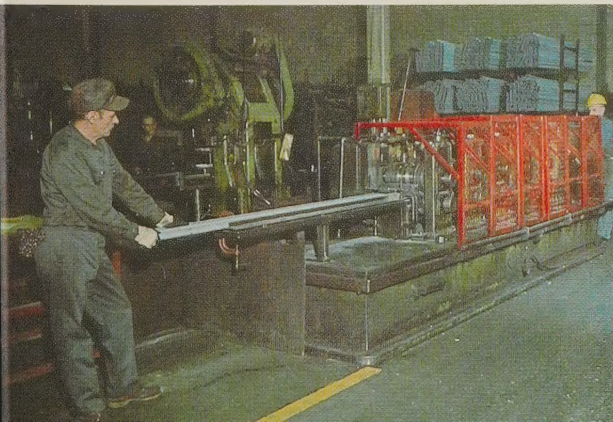
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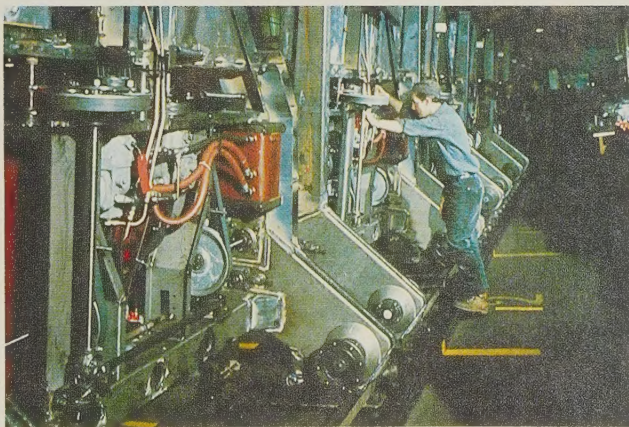
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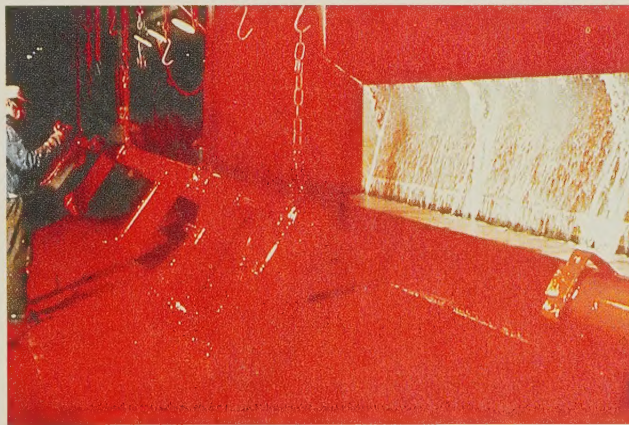
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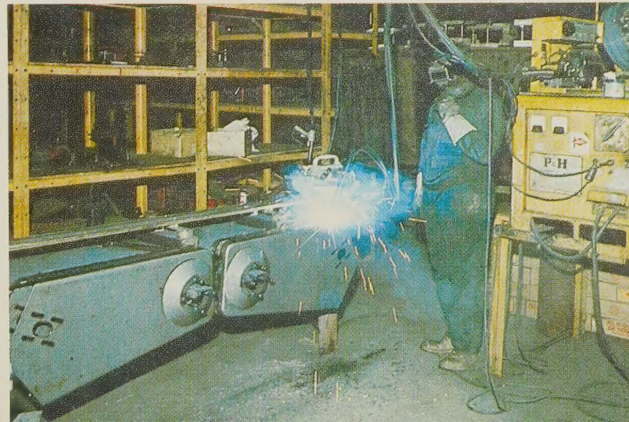
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At the left are scenes in our factory carrying out the various manufacturing operations in the building of our tractors and swathers as well as a support area:

1. A giant press used for stamping and forming heavy gage metal.
2. A Tool and Die Department where tools are made for general manufacturing purposes.
3. Machining of tractor axle hubs.
4. Tractor axle tube spline cutting operation.
5. Tractor axle assembly.
6. Fabrication of tractor wheel rim disks.
7. Roll forming swather reel bats.
8. Swather main frame assembly line.
9. Electro-static spray painting components.
10. Automatic welding assembly for self propelled swather components.



VERSATILE

